
2002 Tax Changes of Public Chapter 856

Franchise,
Excise
taxes
notice

Effective for all tax years ending on or after July 15, 2002, Chapter 856 of the Public Acts of 2002 increases the excise tax rate by one-half percent to 6.5% of net earnings.

In addition, effective for all tax years ending on or after July 15, 2002, Tenn. Code Ann. Section 67-4-2006(b)(1), is amended by adding the following as a new sub item (H) and relettering the remaining items accordingly:

- (H) Any depreciation permitted as a deduction in computing federal taxable income solely as a result of the provisions of Title 1, Section 101, of the Job Creation and Worker Assistance Act of 2002.

Finally, effective for all tax years ending on or after July 15, 2002, Tenn. Code Ann. Section 67-4-2006(b)(2), is amended by adding the following as a new sub item (I) and relettering the remaining items accordingly:

- (I) Any depreciation in excess of that which the taxpayer deducted in computing its federal taxable income that could have been deducted in computing such income if the taxpayer had computed its depreciation under the provisions of Section 168 of the Internal Revenue Code as it

existed and applied immediately prior to the passage of Title 1, Section 101, of the Job Creation and Worker Assistance Act of 2002.

The federal Job Creation and Worker Assistance Act of 2002 allows an extra first-year 30% depreciation deduction on original use or new qualified property acquired after September 10, 2001, but before September 11, 2004. The amendments to Tenn. Code Ann. Section 67-4-2006, require the taxpayer to reverse the extra first-year 30% depreciation taken on tax returns filed for tax years ended on or after July 15, 2002, and compute depreciation as it would have been computed prior to the passage of the federal Job Creation and Worker Assistance Act of 2002.

Changes to the franchise and excise tax form can be found on the Department of Revenue's Web site at www.Tennessee.gov/revenue.

Have questions or comments? Please let us know. [Contact us.](#)

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